



**PRESS RELEASE
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INTERNATIONAL**

STAR CRUISES GROUP ANNOUNCES THIRD QUARTER EARNINGS FOR 2001

The Star Cruises Group, including Norwegian Cruise Line ("NCL"), ("the Group") recorded a net income of US\$39.6 million on revenue of US\$379.8 million for its third quarter ended September 30, 2001, compared to a net income of US\$21.6 million on revenue of US\$428.9 million for the same quarter in 2000.

Net income for the nine months ended September 30, 2001 was US\$48.9 million on revenue of US\$1,042.4 million, compared to a net income of US\$25.3 million on revenue of US\$981.4 million for the same period in 2000. The results for the nine months of 2001 are not comparable to last year's as the acquisition of the majority interest in NCL occurred only in February 2000. On a proforma basis, including NCL's results of operations for January and February 2000, the Group recorded a net income of US\$48.9 million on revenue of US\$1,042.4 million, compared to a proforma net income of US\$31.7 million on revenue of US\$1,125.6 million in the same period in 2000.

Revenue for the Group for the quarter ended September 30, 2001 decreased 11.4% to US\$379.8 million from US\$428.9 million for the quarter ended September 30, 2000 as a result of a decrease of 4.8% in capacity days and a 6.9% decrease in yields, defined as net revenue per capacity day. Revenue for Star Cruises' Asia Pacific operations decreased 17.3% due to a decrease of 8.5% in capacity days and a 9.5% decrease in yield. The decrease in capacity days in Star Cruises' Asia Pacific operations was due to the disposal of m.v. Star Aquarius, m.v. MegaStar Capricorn and m.v. MegaStar Sagittarius and the drydock of m.v. SuperStar Leo and m.v. SuperStar Aries, partially offset by the introduction of m.v. Norwegian Star 1 into the Star fleet in November 2000. Revenue for NCL decreased 7.2% quarter on quarter due to a 2.5% decrease in capacity days and a decrease of 4.8% in yields. (The year on year comparison includes Norwegian Capricorn Line in 2000.) The decrease in capacity days in the NCL's fleet was mainly due to the transfer of m.v. Norwegian Star 1 into the Star Cruises Asia Pacific operations in November 2000 partially offset by the introduction of M/S Norwegian Sun into NCL's fleet as of September 1, 2001.

Total costs and expenses, excluding non-operating expenses for the quarter decreased 6.2% from US\$339.8 million for the quarter ended September 30, 2000 to US\$318.6 million for the quarter ended September 30, 2001. On a per capacity day basis, total costs and expenses decreased 1.4% compared with the same quarter last year.

As a result, operating income for the quarter decreased 31.3% from US\$89.1 million for the quarter ended September 30, 2000 to US\$61.2 million for the quarter ended September 30, 2001.

Non-operating expenses for the quarter decreased 68.1% from US\$67.6 million for the quarter ended September 30, 2000 to US\$21.6 million for the quarter ended September 30, 2001 as a result of lower interest expenses and income tax expenses. Lower income tax expenses was mainly due to Norwegian Cruise Line Limited no longer being subject to Norwegian tax.

On November 6, 2001, the Group accepted a Syndicated Term Loan Facility offer from The Hong Kong and Shanghai Banking Corporation Limited ("HSBC") to provide up to US\$450 million in loans to refinance the 5-year Barclays term loan. The commitment of HSBC in respect of the facility offer is subject to HSBC being of the opinion that there has been no material adverse change in the status or financial condition of the Group or in international financial markets that may affect the successful syndication of the loan. The facility bears interest at rates, which vary according to the London Interbank Offer Rate, and is repayable in 12 equal installments payable at six-monthly intervals commencing 18 months from the facility agreement date.

The unexpectedly pronounced general slowdown in the global economy coupled with the impact of the terrorist attacks in the United States in September 2001, have adversely affected travelling patterns, passenger traffic and the leisure industry in general in which the Group operates. In this present continuing difficult environment, the Group has been continually reviewing its operations and taking the necessary measures to meet the dynamics of demand and capacity in the cruise operations. Such measures enable the Group to consolidate its operations and to provide a strong foundation for the Group's future growth when the economic outlook becomes more positive. The measures that have been taken include:

- delaying the planned and previously announced swap of the m.v. SuperStar Aries and the SS Norway.
- focusing on the primary core markets such as Singapore, Hong Kong and North America and promoting "homeland cruising" in part to address people's fear of long-hour flights currently.
- reorganizing the Group's Japan operations to focus only on fly cruise by withdrawing the m.v. SuperStar Taurus from Fukuoka, Japan
- merging the Norwegian Cruise Line and Orient Lines' shoreside operations.
- adding a second ship to the Hawaii market in 2002 in view of the strong bookings for the m.v. Norwegian Star. The Norwegian Wind, originally scheduled to operate in Asia until January 4, 2003, instead will operate 10- and 11-night cruises from Honolulu starting September 27, 2002, through April 2003.

As well, the Group has introduced additional measures to further streamline the cost structure. Such measures are, among others, salary restructuring for employees and centralizing back office functions. These cost control initiatives are being implemented and the Group expects to deliver an approximate cost reduction of around 5% in 2002. The Group has also eliminated, deferred or reduced a number of capital projects after reviewing its capital expenditure program.

MORE ON STAR CRUISES

Star Cruises is the fourth largest cruise line in the world operating a combined fleet of 19 ships with over 24,000 lower berths, with cruises to destinations and islands in Asia-Pacific, North and South America, Caribbean, Alaska, Europe, Mediterranean, Bermuda and Antarctica. By the end of fiscal year 2002, with one ship currently on order, Star Cruises with NCL will have about 26,000 lower berths. Star Cruises is represented in more than 20 locations worldwide with offices in Australia, China, Germany, Hong Kong, India, Indonesia, Japan, Korea, Malaysia, Philippines, Singapore, Sweden, Taiwan, Thailand, United Kingdom and the United States of America.

For more information on Star Cruises and NCL, please visit www.starcruises.com and www.ncl.com respectively.

For investor relations and editorial, please contact:

MALAYSIA

Gerard Lim

*Senior Vice President,
Chief Executive Office*

Kuala Lumpur, Malaysia

Tel : (603) 2030 6013

Fax : (603) 2161 3621

Email : gerard@starcruises.com.my

Jane Poh

*Vice President,
Corporate Communications*

Port Klang, Malaysia

Tel : (603) 3109 2526

Tel : (603) 3109 2526

Email : sjpoh@starcruises.com.my

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CONSOLIDATED STATEMENTS OF OPERATIONS
FOR THE THIRD QUARTER AND NINE MONTHS ENDED SEPTEMBER 30, 2001 AND 2000
PREPARED IN ACCORDANCE WITH US GAAP
(unaudited, in thousands of US dollars, except per share and operating data)

	Third Quarter ended September 30		Nine Months ended September 30	
	<u>2001</u>	<u>2000</u>	<u>2001</u>	<u>2000</u>
Revenues	\$ 379,834	\$ 428,893	\$1,042,447	\$981,438
Costs and expenses				
Operating expenses	(221,289)	(241,209)	(636,448)	(560,867)
Selling, general and administrative expenses	(59,314)	(58,843)	(177,309)	(146,227)
Depreciation and amortization	(38,045)	(39,707)	(111,983)	(100,376)
Total costs and expenses	<u>(318,648)</u>	<u>(339,759)</u>	<u>(925,740)</u>	<u>(807,470)</u>
Operating income	61,186	89,134	116,707	173,968
Non-operating income (expense)				
Interest income	1,020	986	6,313	2,134
Interest expense, net of capitalized interest	(21,946)	(48,763)	(80,222)	(125,183)
Loss from affiliated operation, net	-	-	-	(748)
Other income (expense), net	(294)	(732)	6,882	834
Minority interests (net of taxes)	-	(3,424)	-	(5,672)
Income tax expense	(341)	(15,650)	(807)	(20,080)
Total non-operating expense	<u>(21,561)</u>	<u>(67,583)</u>	<u>(67,834)</u>	<u>(148,715)</u>
Net income	<u>\$ 39,625</u>	<u>\$ 21,551</u>	<u>\$ 48,873</u>	<u>\$ 25,253</u>
Earnings per share in US cents:				
- Basic	0.96	0.69	1.18	0.81
- Diluted	0.95	0.68	1.17	0.79
Weighted average common stock outstanding ('000)	4,144,802	3,124,287	4,144,060	3,123,975
Weighted average common stock outstanding and assuming dilution ('000)	4,159,920	3,172,313	4,166,050	3,177,552
<u>Unaudited operating data</u>				
Passenger Cruise Days	1,894,158	1,958,884	5,353,701	4,840,524
Capacity Days	1,864,419	1,958,957	5,485,527	4,945,156
Occupancy as a percentage of capacity days	102%	100%	98%	98%

Proforma results of operations for the nine months ended September 30, 2000

(unaudited, in thousands of US dollars, except operating data)	Nine Months ended September 30,	
	<u>2001</u>	<u>2000</u>
Reported operating income prepared under US GAAP	\$116,707	\$173,968
<u>Proforma adjustments</u>		
To consolidate 100% of NCL's results from January 1, 2000 as if the acquisition of 100% of NCL had occurred on January 1, 2000	-	15,243
Proforma operating income	<u>\$116,707</u>	<u>\$189,211</u>
Reported net income prepared under US GAAP	\$48,873	\$25,253
<u>Proforma adjustments</u>		
To consolidate 100% of NCL's results from January 1, 2000 as if the acquisition of 100% of NCL had occurred on January 1, 2000	-	6,451
Proforma net income	<u>\$48,873</u>	<u>\$31,704</u>
<u>Operating data</u>	<u>Actual</u>	<u>Proforma</u>
Passenger Cruise Days	5,353,701	5,500,640
Capacity Days	5,485,527	5,662,544
Occupancy as a percentage of capacity days	98%	97%

Note:

The above unaudited proforma results of operations for the nine months ended September 30, 2000 have been prepared for illustrative purposes only and exclude any proforma adjustments for increased interest expense on acquisition debts.

Reconciliation of results prepared under US GAAP to HK GAAP

The following reconciles the Group's results prepared under US GAAP to HK GAAP:

(in thousands of US dollars)	Third Quarter ended September 30,		Nine Months ended September 30,	
	<u>2001</u>	<u>2000</u>	<u>2001</u>	<u>2000</u>
Net income prepared under US GAAP	\$ 39,625	\$ 21,551	\$ 48,873	\$ 25,253
<u>HK GAAP adjustments :</u>				
Interest capitalisation	(3,301)	(3,942)	(11,983)	(9,251)
Forward contract gains recognized	1,340	-	1,340	-
Others	(366)	31	(304)	94
Net profit prepared under HK GAAP	<u>\$ 37,298</u>	<u>\$17,640</u>	<u>\$37,926</u>	<u>\$16,096</u>